



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

ROBERT E. LIST, CPA
STEWART J. REID, CPA
MICHAEL L. HANISKO, CPA
DAVID D. QUIMBY, CPA
KATHLYN M. ENGELHARDT, CPA
RENA E. M. CLEVINGER, CPA
AMY L. RODRIGUEZ, CPA
SCOTT A. NIETZKE, CPA

WALTER G. WEINLANDER, CPA
ROY A. SCHAIRER, CPA
JAMES L. WHALEY, CPA
JEROME L. YANTZ, CPA
PHILIP T. SOUTHGATE, CPA
ROBERT J. DUYCK, CPA

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
GLADWIN, MICHIGAN

FINANCIAL STATEMENTS
DECEMBER 31, 2005

1600 CENTER AVENUE
POST OFFICE BOX 775
BAY CITY, MI 48707-0775
989-893-5577
800-624-2400
FAX 989-895-5842
www.wf-cpas.com
wf@wf-cpas.com

OFFICES: BAY CITY, CLARE
GLADWIN AND WEST BRANCH

RSM McGladrey Network

An Independently Owned Member

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Clare/Gladwin Council on Aging Other Resources Fund	County Gladwin
Audit Date 12/31/05	Opinion Date 2/28/06	Date Accountant Report Submitted to State: 3/20/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting System for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury. **RECEIVED** DEPT. OF TREASURY

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

APR 06 2006

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report comments and recommendations. **LOCAL AUDIT & FINANCE DIV.**

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Weinlander Fitzhugh			
Street Address 1600 Center Avenue	City Bay City	State MI	ZIP 48708
Accountant Signature Stewart J Reid CPA			Date 4/5/06

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1 – 2
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet	5
Reconciliation of Balance Sheet of Governmental Fund to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balance	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	8
Notes to Financial Statements	9-15
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	16



WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

February 28, 2006

Independent Auditors' Report

Board of Commissioners
Gladwin City Housing Commission
Gladwin, Michigan

We have audited the accompanying financial statements of the governmental activities and major fund of Clare/Gladwin Council on Aging – Other Resources Fund, as of and for the year ended December 31, 2005, which collectively comprise the Clare/Gladwin Council on Aging - Other Resources Fund's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Clare/Gladwin Council on Aging – Other Resources Fund's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with U.S. generally accepted accounting principles.

1600 CENTER AVENUE
POST OFFICE BOX 775
BAY CITY, MI 48707-0775
989-893-5577
800-624-2400
FAX 989-895-5842
www.wf-cpas.com
wf@wf-cpas.com

OFFICES: BAY CITY, CLARE
GLADWIN AND WEST BRANCH

RSM McGladrey Network
An Independently Owned Member



WEINLANDER FITZHUGH

Board of Commissioners
Gladwin City Housing
Commission
February 28, 2006
Page 2

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and its major fund of Clare/Gladwin Council on Aging – Other Resources Fund as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Required Supplemental Information

The budgetary comparison schedule as identified in the table of contents is not a required part of the basic financial statements but is supplemental information required by U.S. generally accepted accounting principles and the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Weinlander Fitzhugh

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Statement of Net Assets
December 31, 2005

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 27,498
Accounts receivable	807
Advance to Beaverton Manor	18,000
Capital assets less accumulated depreciation of \$13,945	<u>1,304</u>
Total assets	<u>47,609</u>
<u>Liabilities</u>	
Accounts payable	<u>859</u>
<u>Net Assets</u>	
Investment in capital assets - net of related debt	1,304
Unrestricted	<u>45,446</u>
Total net assets	<u><u>\$ 46,750</u></u>

See accompanying notes to financial statements

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Statement of Activities
For the Year Ended December 31, 2005

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Program Income</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Other Resources	<u>\$ 24,208</u>	<u>\$ 4,530</u>	<u>\$ 20,610</u>	<u>\$ 0</u>	\$ 932
General revenues:					
Interest income					29
Other general revenues					<u>707</u>
					1,668
					<u>45,082</u>
					<u>\$ 46,750</u>

See accompanying notes to financial statements

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Governmental Fund
Balance Sheet
December 31, 2005

	<u>General Fund</u>
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash	\$ 27,498
Accounts receivable	807
Advance to Beaverton Manor	<u>18,000</u>
Total assets	<u>\$ 46,305</u>
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accrued liabilities	\$ 859
<u>FUND BALANCE</u>	
Unrestricted	<u>45,446</u>
Total liabilities and fund balance	<u>\$ 46,305</u>

See accompanying notes to financial statements

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Reconciliation of Balance Sheet of Governmental Fund
to the Statement of Net Assets
December 31, 2005

Total fund balance - governmental fund	\$ 45,446
--	-----------

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the funds:

Cost of the capital assets	\$ 15,249	
Accumulated depreciation	<u>(13,945)</u>	<u>1,304</u>

Total net assets - governmental activities	<u><u>\$ 46,750</u></u>
--	-------------------------

See accompanying notes to financial statements

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2005

	<u>General Fund</u>
<u>Revenues</u>	
United Way	\$ 12,959
Donations	2,285
Medicaid Waiver revenue	9,716
Interest	29
Prescription plans	180
Other	707
	<hr/>
Total revenues	25,876
	<hr/>
<u>Expenditures</u>	
Program services	15,157
Volunteer expenses	1,947
Accounting and legal	1,000
Prescription plans	144
Other	3,715
	<hr/>
Total expenditures	21,963
	<hr/>
Excess of revenues over expenditures	3,913
Fund balance at beginning of year	41,533
	<hr/>
Fund balance at end of year	\$ 45,446
	<hr/>

See accompanying notes to financial statements

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2005

Net change in fund balance - total governmental fund	\$ 3,913
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	<u>(2,245)</u>
Change in net assets of governmental activities	<u>\$ 1,668</u>

See accompanying notes to financial statements

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Clare/Gladwin Council on Aging – Other Resources Fund (Other Resources Fund) conform to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Other Resources Fund.

Reporting Entity

The Other Resources Fund is used to account for the funds received that are not directly related to the Council on Aging's primary operating funds which are received from the Region VII Area Agency on Aging.

Council on Aging receives various grants through the Region VII Area Agency on Aging. These include grants associated with state and federally funded Senior Support Services and Nutrition Services Programs.

The Other Resources Fund has implemented GASB Statement No. 14, the Financial Reporting Entity and Statement of Michigan Governmental Accounting and Auditing No. 5, which defines the reporting of primary government and component unit activities. The basic criterion for including a governmental department, agency, institution, commission, public authority or other governmental organization in a governmental unit's financial report is the exercise of financial responsibility over such agencies by the governmental unit's elected officials, the selection of the governing authority, the designation of management, or the ability to exert significant influence on operations.

Government-wide and Fund Financial Statements

The financial statements of the Other Resources Fund present the financial position and results of operations for only that portion of Council on Aging's activities.

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Council on Aging also maintains a general fund. The assets, liabilities, fund balance, revenues, and expenditures of the fund are not included in the accompanying financial statements. The Council on Aging accounts for the planning and providing for social services, nutrition services, and multi-purpose senior center services to the area's senior citizens in Clare and Gladwin Counties, and its separate financial statements can be obtained through Council on Aging. A separate audit has been performed for the Council on Aging. The Director of Council on Aging may be contacted for information on this audit.

The accounts of Other Resources Fund are organized on the basis of a single fund which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Government activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. All of Other Resources Fund government-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting operations or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenue.

Separate fund financial statements are provided for the major governmental fund.

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Other Resources Fund considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues for the Other Resources Fund include United Way, donations, and Medicaid Waiver. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables – Accounts receivable consist of Medicaid Waiver/POS dollars related to operations for the year ended December 31, 2005. No allowance for doubtful accounts has been included in these statements. If amounts become uncollectible, they will be charged to operations in the period of uncollectibility. The application of this method is not deemed materially different than the allowance method which is prescribed for purposes of U.S. generally accepted accounting principles.

Capital Assets – Capital assets, which includes office equipment are reported in the applicable government-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and any asset susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Equipment is depreciated using the straight-line method over the following useful lives:

Equipment	3-5 years
-----------	-----------

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 2 – BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for the General Fund and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

The Gladwin City Housing Commission follows these procedures in establishing the budgetary data reflected in financial statements for Other Resources Fund.

1. The Council on Aging's Director submits to the Board a proposed budget prior to December 31 of each year. The budget includes proposed expenditures and the means of financing them.
2. The proposed budget is discussed at a public meeting and is subsequently approved by the Board.
3. The budget is also approved by Gladwin and Clare Counties.
4. Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. Individual amendments were not material in relation to the original appropriations. Budgets are adopted to the line item level.
5. Appropriations lapse at year-end. These appropriations are re-established at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for Other Resources Fund is presented as Required Supplemental Information.

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 3 – DEPOSITS AND INVESTMENTS

State statutes and Other Resources Fund's investment policy authorize the Housing Commission to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the Housing Commission is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Housing Commission's deposits are in accordance with statutory authority.

At year-end, the Management Fund's deposits were reported in the basic financial statements as follows:

Deposits (checking account)	<u>\$ 27,498</u>
-----------------------------	------------------

Interest Rate Risk

In accordance with its investment policy, Other Resources Fund will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of December 31, 2005, Other Resources Fund had no investments.

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Notes to Financial Statements
For the Year Ended December 31, 2005

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the Other Resources Fund for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Equipment	\$ 15,249	\$ 0	\$ 0	\$ 15,249
Less accumulated depreciation for:				
Equipment	<u>11,700</u>	<u>2,245</u>	<u>0</u>	<u>13,945</u>
Net capital assets	<u>\$ 3,549</u>	<u>\$ (2,245)</u>	<u>\$ 0</u>	<u>\$ 1,304</u>

NOTE 5 – RISK MANAGEMENT

Other Resources Fund is a member of a self insurance risk association operating within the State of Michigan pursuant to Act 138, Michigan Public Acts of 1982. The purpose of the association is to administer a risk management fund which protects members with loss protection for general and automobile liability, motor vehicle physical damage and property. Contributions are applied to risk management, underwriting, payment of claims, establishment of loss reserves, and other related expenses.

A member's loss contribution account is charged or credited according to the member's actual loss experience; no obligation is credited for another member's losses. If contributions are in excess of actual expenses and reserves, future contributions are decreased. Credit is extended by the self insurance risk association's joint loss fund to members with losses in excess of contributions. These excess losses are repaid by the member through future contributions.

NOTE 6 – ADVANCE TO BEAVERTON MANOR

Advance to Beaverton Manor consists of an unsecured, non-interest bearing amount due from Beaverton Manor Limited Dividend Housing Association for \$18,000 to fund operations.

CLARE/GLADWIN COUNCIL ON AGING
OTHER RESOURCES FUND
Required Supplemental Information
Budgetary Comparison Schedule - Other Resources Fund
For the Year Ended December 31, 2005

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
United Way	\$ 12,850	\$ 13,680	\$ 12,959	\$ (721)
Donations	500	2,200	2,285	85
Medicaid Waiver revenue	8,000	8,300	9,716	1,416
Interest	50	30	29	(1)
Prescription plans	5,775	0	180	180
Other	550	700	707	7
Total revenues	<u>27,725</u>	<u>24,910</u>	<u>25,876</u>	<u>966</u>
<u>Expenditures</u>				
Program services	16,250	17,500	15,157	2,343
Volunteer expenses	2,250	2,250	1,947	303
Accounting and legal	1,000	1,000	1,000	0
Prescription plans	5,775	200	144	56
Other	3,500	3,960	3,715	245
Total expenditures	<u>28,775</u>	<u>24,910</u>	<u>21,963</u>	<u>2,947</u>
Excess of revenues over (under) expenditures	(1,050)	0	3,913	3,913
Fund balance at beginning of year	<u>41,533</u>	<u>41,533</u>	<u>41,533</u>	<u>0</u>
Fund balance at end of year	<u>\$ 40,483</u>	<u>\$ 41,533</u>	<u>\$ 45,446</u>	<u>\$ 3,913</u>